

2 April 1976

NOTE FOR THE D/DCI/IC

SUBJECT: DCI-OMB Meeting

1. The attached MFR outlines what was discussed at the Lynn-Bush meeting of 3/3/76. Don Ogilvie referred to it in alleging that nothing has happened as a result of that meeting. The purpose of this note is to advise you of the follow-on that has taken place.

a. Budget Appendix. I met with Donahue and Selby on 4 March to scrub the document and try to reconcile differences. The CFI considered the version that resulted and, after considerable discussion, decided not to go along with it. A letter, signed by the DCI, relayed the CFI decision to Mr. Lynn. I believe the CFI considers this is a completed action unless Mr. Lynn wants to reopen it.

b. Allowance Letter. This is the letter originally attached to our proposed resource guidance that caused such strong DoD reactions at the last CFI. Obviously the letter was sent and has been received. The CFI has discussed it and decided that it requires no reply or further action.

c. OMB Interface with CFI. Mr. Bush simply agreed to listen to OMB's views. I met with Donahue and Sitrin, accepted their views and used them to formulate one of the budget process options which CFI considered. I've also had at least two additional lengthy discussions with OMB to explore their views and, in CFI discussions, have presented their views (at times a very uncomfortable position given both Mr. Hyland's and Mr. Ellsworth's apparent feelings about OMB). I think we've acted in good faith on this point, especially since Mr. Bush made no commitment to Mr. Lynn. Ogilvie, like many other people, may just be frustrated because he doesn't know what's happening at CFI.

d. Reprogramming and Apportionment Rules.  
Mr. Bush suggested we write down the rules. Our initial proposal to CFI proposed some rules but it became evident that the CFI couldn't deal with the specifics of reprogramming until it dealt with the larger question of how to operate. I met with Donahue, Al South (OSD Comptroller), and Bob Wiltse on 16 March to discuss this subject. We are now looking at the OMB "procedures" Ogilvie apparently referred to in his conversation with the DCI the other night and I also discussed them at some length with Donahue. I'll write a separate note on this subject, but our preliminary finding is that there is nothing written down by way of procedures. Donahue feels the "procedures" Ogilvie referred to are "those which everyone understands as a result of years of doing business". Moreover, as Ogilvie himself pointed out, this is a problem that is not unique to intelligence.

2. I apologize if this note sounds defensive, but I feel strongly that we, as members of your staff, have expended considerable time and effort as a consequence of the DCI-OMB meeting. If Ogilvie's people have not kept him apprised of what's been going on, I suggest he may have a problem within his own staff, not with the DCI. Your suggestion of having an OMB representative on the Community Staff could go a long way to solve such a problem for him.



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Attachment:  
As stated